



Department of Justice

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RIO VISTA COUPLE FACE FEDERAL INCOME TAX FRAUD CHARGES
Separate Indictment Charges Lawyer with Tax Fraud and Evasion

SACRAMENTO, Calif.—United States Attorney McGregor W. Scott announced today that a federal grand jury returned indictments for three individuals charging them with tax fraud. VIRGINIA FERRARI, 51, and GUY FERRARI, 78, both of Rio Vista, Calif., are charged with three counts of subscribing to a false tax document, and ORION DOUGLAS MEMMOTT, 68, formerly of Willows, Calif., is charged with subscribing to a false tax document and tax evasion.

These cases are the product of extensive investigations by the IRS Criminal Investigation Division.

According to Assistant United States Attorney Samantha S. Spangler, who is prosecuting both cases, the FERRARI indictment alleges that in 2002, 2004, and 2005, the FERRARIs submitted to the IRS offers to compromise their tax liability for small amounts of money (\$10,000 to \$19,000), claiming they lacked the financial resources to pay the \$44,140 assessed following an examination of their 1993 and 1994 individual income taxes, plus penalties and interest. They omitted, however, several items of valuable real property, a bank account, and a securities account from the financial statements submitted with their offers. In 2005, their offer also sought to compromise a \$1.1 million penalty assessed by the IRS on their company, Woodbine Alaska Fish Company, for their failure to maintain sufficient funds in their company's trust account to pay their employees' employment taxes.

According to Assistant United States Attorney Philip A. Ferrari who is co-prosecuting MEMMOTT, the indictment alleges that in June of 2005, MEMMOTT submitted to the IRS a

financial statement in connection with his attempt to compromise his tax liability of \$656,655, assessed for his 1993 through 1999 individual income taxes, plus penalties and interest. He omitted, however, real estate property valued at \$260,000 that he held in nominee names, business bank accounts that he owned and controlled containing \$112,772.38, and failed to report income derived from diverted investor funds of \$116,570. The indictment also alleges that from January 1995 through August 2006, MEMMOTT willfully attempted to evade and defeat the payment of a large part of his income tax liability by placing property in the names of nominees to conceal it from the IRS and falsely understating his income.

Said United States Attorney Scott, “This case demonstrates the tenacity of the IRS to investigate and the willingness of this office to prosecute those who try to shirk their responsibility to pay their fair share of federal income taxes.”

If convicted of subscribing to false tax documents, the maximum statutory penalty is three years in prison, a fine of \$250,000, or both. If convicted of tax evasion, the maximum penalty is five years in prison, a fine of \$250,00 or both. The actual sentence, however, will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables and any applicable statutory sentencing factors.

The charges are only allegations and the defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

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